COOPERATIVE AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION ("Interconnection Agreement")

LONG FORM CONTRACT

This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20___, ("Effective Date") by United Electric Cooperative Services, Inc., ("Cooperative"), a corporation organized under the laws of Texas, and _____ ("DG Owner/Operator"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties." In consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. **Scope of Agreement --** This Agreement is applicable to conditions under which the Cooperative and the DG Owner/Operator agree that one or more generating facilities (described in Exhibit A) owned by the DG Owner/Operator of _____ kW or less, to be interconnected at _____ kV or less ("Facilities") may be interconnected to the Cooperative's electric power distribution system ("System").

   The provisions of the Cooperative's Distributed Generation Procedures and Guidelines Manual for Members ("DG Manual") shall be considered to be a part of this contract.

2. **Establishment of Point of Interconnection -** The point where the electric energy first leaves the wires or facilities of the system owned by the Cooperative and enters the wires of the Facility owned or leased by the DG Owner/Operator is the "Point of Interconnection." Cooperative and DG Owner/Operator agree to interconnect the Facilities at the Point of Interconnection in accordance with the Cooperative's Rules and Regulations and DG Manual relating to interconnection of Distributed Generation (the "Rules") and as described in the attached Exhibit A.

3. **Responsibilities of Cooperative and DG Owner/Operator for Installation, Operation and Maintenance of Facilities -** DG Owner/Operator will, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for, its Facilities, unless otherwise specified on Exhibit A. DG Owner/Operator shall conduct operations of its Facilities in compliance with all aspects of the Rules, and Cooperative shall conduct operations of its electric distribution facilities in compliance with all aspects of the Rules, or as further described and mutually agreed to in the attached Exhibit A. Maintenance of Facilities shall be performed in accordance with the applicable manufacturers' recommended maintenance schedule. The DG Owner/Operator agrees to ensure its Facilities are constructed, operated and maintained in accordance with specifications equal to or better than those provided by the National Electrical Safety Code and the National Electrical Code and all other applicable codes and regulations and future modifications thereof.

   The DG Owner/Operator covenants and agrees to design, install, maintain, and operate its Facilities so as to reasonably minimize the likelihood of a malfunction or other disturbance, damaging or otherwise affecting or impairing the System. DG Owner/Operator shall comply with all applicable laws, regulations, zoning codes, building codes, safety rules and environmental restrictions now or hereafter applicable to the design, installation and operation of its Facilities.

   Cooperative will notify DG Owner/Operator if the Cooperative has reason to believe that the Facilities' operation causes disruption or deterioration of service to other members(s) served from the System or if the Facilities' operation causes damage to the System. DG Owner/Operator will notify the Cooperative of any emergency or hazardous condition

or occurrence with respect to the DG Owner/Operator's Facilities, which could affect safe operation of the System.

4. **Operator in Charge -** The DG Owner/Operator shall identify an individual (by name or title) who will perform as "Operator in Charge" of the Facilities. This individual must be familiar with this Agreement as well as provisions of other agreements and any regulations that may apply.

5. **Limitation of Liability and Indemnification**

   a. Notwithstanding any other provision in this Agreement, with respect to the Cooperative's provision of electric service to DG Owner/Operator and the services provided by the Cooperative pursuant to this Agreement, Cooperative's liability to DG Owner/Operator shall be limited as set forth in the Cooperative's tariffs and terms and conditions for electric service, which are incorporated herein by reference.

   b. Neither Cooperative nor DG Owner/Operator shall be liable to the other for damages resulting from a Force Majeure event as hereinafter defined.

   c. Notwithstanding Paragraph 5.b of this Agreement, the DG Owner/Operator shall assume all liability for, and shall indemnify and hold harmless Cooperative for, any claims, losses, damages, liabilities, costs, and expenses of any kind or character to the extent that they result from DG Owner/Operator's negligence or other wrongful conduct (including the negligence or wrongful conduct of DG Owner/Operator’s operators, agents, employees, or contractors) in connection with the design, construction or operation of the Facilities. Such indemnity shall include, but is not limited to, financial responsibility for (a) monetary losses; (b) reasonable costs and expenses of defending an action or claim; (c) damages related to death or injury; (d) damages to property; and (e) damages for the disruption of business.

   d. Cooperative and DG Owner/Operator shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines, wires, switches, or other equipment or property on their respective sides of the Point of Interconnection. The Cooperative, while retaining the right to inspect, does not assume any duty of inspecting the DG Owner/Operator's lines, wires, switches, or other equipment or property and will not be responsible therefore. DG Owner/Operator assumes all responsibility for the electric service supplied hereunder and the facilities used in connection therewith.

   e. For the mutual protection of the DG Owner/Operator and the Cooperative, only with the Cooperative’s prior written authorization are the connections between the Cooperative's service wires and the DG Owner/Operator's service entrance conductors to be energized.

   f. The provisions of this Section 5 shall survive any termination of this Agreement.

6. **Design Reviews and Inspections -** The DG Owner/Operator shall provide to the Cooperative the following documentation and inspection results:

a. One-Line Diagram. The diagram shall include at a minimum, all major electrical equipment that is pertinent to understanding the normal and contingency operations of the DG Facilities, including generators, switches, circuit breakers, fuses, protective relays and instrument transformers.

b. Testing Records. Testing of Facilities shall include manufacturer recommended testing including Cooperative verified operation of all interconnection relays and connect/disconnect devices at the start of commercial operation and periodic manufacturer recommended testing thereafter at least on an annual basis, also to be verified with the Cooperative if deemed necessary by the Cooperative. Records documenting testing and results shall be kept for two years following the testing and shall be provided to the Cooperative upon request.

7. **Right of Access, Equipment Installation, Removal** & **Inspection -** The Cooperative may send an employee, agent or contractor to the premises of the DG Owner/Operator at any time whether before, during or after the time the Facilities first produces energy to inspect the Facilities, and observe the Facility's installation, commissioning (including any testing), startup, and operation.

   At all times Cooperative shall have access to DG Owner/Operator's premises for any purpose considered reasonable by the Cooperative in connection with the interconnection described in this Agreement, the Rules, or to provide service to its members.

8. **Confidentiality of Information -** Unless compelled to disclose by judicial or administrative process, or by other provisions of law or as otherwise provided for in this Agreement, the DG Owner/Operator and the Cooperative will hold in confidence any and all documents and information furnished by the other party in connection with this Agreement.

9. **Prudent Operation and Maintenance Requirements -** The DG Owner/Operator agrees to construct, operate and maintain its Facilities in accordance with specifications equal to or better than those provided by the National Electrical Safety Code and the National Electrical Code and all other applicable codes and regulations and future modifications thereof.

10. **Disconnection of Unit -** DG Owner/Operator retains the option to disconnect its Facilities from the System, provided that DG Owner/Operator notifies the Cooperative of its intent to disconnect by giving the Cooperative at least thirty (30) days' prior written notice. Such disconnection shall not be a termination of the agreement unless DG Owner/Operator exercises rights under Section 13.

    DG Owner/Operator shall disconnect Facilities from the System upon the effective date of any termination under Section 13.

    Subject to the Rules, for routine maintenance and repairs on the Cooperative's System that would, in the sole judgment of the Cooperative, affect the operation of the Facility, the Cooperative shall endeavor to provide DG Owner/Operator with seven (7) business days' notice of service interruption.

    Cooperative shall have the right to suspend service in cases where continuance of service to DG Owner/Operator will, in the Cooperative's sole judgment, endanger persons or

property. The Cooperative shall endeavor to provide the DG Owner/Operator with reasonable prior notice as practicable.

11. **Metering -** Metering shall be accomplished as described in the Cooperative's DG Manual.

12. **Insurance –** Insurance shall be required as described in the Cooperative's DG Manual.

13. **Effective Term and Termination Rights -** This Agreement becomes effective as of the Effective Date and shall continue in effect until terminated. This agreement may be terminated as follows: (a) DG Owner/Operator may terminate this Agreement at any time by giving the Cooperative sixty days prior written notice; (b) Cooperative may terminate upon failure by the DG Owner/Operator to generate energy from the Facilities in parallel within six (6) months after completion of the interconnection; (c) either Party may terminate by giving the other Party at least thirty (30) days prior written notice that the other Party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of the Cooperative, so long as the notice specifies the basis for termination; (d) Cooperative may terminate by giving DG Owner/Operator at least sixty (60) days notice in the event that there is a material change in an applicable law, or any requirement of the Cooperative's wholesale electric suppliers or any transmission utility, independent system operator or regional transmission organization having responsibility for the operation of any part of the System.

14. **Dispute Resolution -** If a dispute arises under this Agreement venue shall be exclusively in Johnson County, Texas.

15. **Compliance with Laws, Rules and Tariffs** - Both the Cooperative and the DG Owner/Operator shall be responsible for complying with all applicable laws, rules and regulations, including but not limited to the laws of the state of Texas, and the Cooperative's DG Manual, Tariffs, Rules and Regulations, By-Laws and other governing documents. The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the tariff schedules and rules of the Cooperative as applicable to the electric service provided by the Cooperative, which tariffs and rules are hereby incorporated into this Agreement by this reference, and in the event of a conflict between this Agreement and the applicable terms and conditions set forth in the tariff schedules and rules of the Cooperative, such tariff schedules and rules shall apply. The Cooperative shall have the right to publish changes in rates, classification, service or rule, with the proper notification to all DG owners/operators and Cooperative members.

16. **Severability** -If any portion or provision of this Agreement is held or adjudged for any reason to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

17. **Amendment -** This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

18. **Entirety of Agreement and Prior Agreements Superseded -** This Agreement, including the Rules and all attached Exhibits and Facilities Schedules, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the

Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein or in documents incorporated herein by reference, or in the DG Owner/Operator application, or other written information provided by the DG Owner/Operator in compliance with the Rules. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

19. **Force Majeure** -For the purposes of this Agreement, a Force Majeure event is any event:

    (a) that is beyond the reasonable control of the affected Party; and

    (b) that the affected Party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent that they satisfy the preceding requirements: acts of war, acts of terrorism, public disorder, rebellion or insurrection; floods, hurricanes, earthquakes, lighting, storms or other natural calamities; explosions or fires; strikes, work stoppages or labor disputes; embargoes; and sabotage. If a Force Majeure event prevents a Party from fulfilling any obligations under this agreement, such Party will promptly notify the other Party in writing and will keep the other Party informed on a continuing basis as to the scope and duration of the Force Majeure event. The affected Party will specify the circumstances of the Force Majeure event, its expected duration and the steps that the affected Party is taking to mitigate the effect of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement if a Force Majeure event prevents a Party from fulfilling such performance of obligations but will use reasonable efforts to resume its performance as soon as possible.

20. **Assignment -** At any time during the term of this Agreement, the DG Owner/Operator may assign this Agreement to a corporation, an entity with limited liability or an individual (the "Assignee"), provided that the DG Owner/Operator obtains the prior written consent of the Cooperative in advance of the assignment. The Cooperative's consent will be at the Cooperative’s discretion based on whether or not the Cooperative determines that the Assignee is financially and technically capable to assume ownership and/or operation of the DG unit. The company or individual to which this Agreement is assigned in accordance with the terms and conditions of this Agreement will be responsible for the proper operation and maintenance of the DG Facilities, and will be a Party to all provisions of this Agreement.

21. **Permits, Fees and Approvals -** The Cooperative will have responsibility for the review, approval or rejection of the DG interconnection application. The approval process is intended to help ensure that the implementation of the applicant's DG project will not adversely affect the safe and reliable operation of the Cooperative's System, but any adverse affect shall be the sole responsibility of the DG Owner/Operator. The fees associated with the Application are listed in the most current fee schedule issued by the Cooperative. All fees are to be submitted in the form of a Bank Cashier's check along with the Application, unless other payment terms have been approved in advance by the Cooperative.

22. **Notices -** Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

    (a) If to Cooperative:

    Cooperative Planning, DG Division
    United Cooperative Services
    P.O. Box 16
    Cleburne, Texas 76033

    (b) If to DG Owner/Operator:

    _____

    _____

    _____

    The above-listed names, titles, and addresses of either Party may be changed by written notification to the other, notwithstanding Section 17.

23. **Invoicing and Payment -** Invoicing and payment terms for services associated with this Agreement shall be consistent with applicable Rules of the Cooperative.

24. **Limitations (No Third-Party Beneficiaries, Waiver, etc.) -** This Agreement is not intended to, and does not create, rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties and the Cooperative's Power Supplier, and the obligations herein assumed are solely for the use and benefit of the Parties and the Cooperative's Power Supplier. This Agreement may not be assigned by the DG Owner/Operator without the prior written consent of the Cooperative as specified in Section 20. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties.

25. **Headings -** The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

26. **Multiple Counterparts -** This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

UNITED COOPERATIVE SERVICES	[DG OWNER/OPERATOR NAME]
BY: _____	BY: _____
TITLE:_____	TITLE: _____
DATE:_____	DATE: _____

Attachments: Exhibit A, Description of Facilities, Facilities Schedule

EXHIBIT A
DESCRIPTION OF FACILITIES

DG Owner/Operator will, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for its Facilities, unless otherwise specified on Exhibit A.

FACILITIES SCHEDULE

[The following information is to be specified for each Point of Interconnection, if applicable]

1. Name:
2. Facilities location:
3. Delivery voltage:
4. Metering (voltage, location, losses adjustment due to metering location, and other:
5. Normal Operation of Interconnection:
6. One line diagram attached (check one):/_____Yes / _____
7. Facilities to be furnished by Cooperative:
8. Facilities to be furnished by DG Owner/Operator:
9. Cost Responsibility:
10. Control area interchange point (check one): /_____ Yes / _____ No
11. Supplemental terms and conditions attached (check one): / _____ Yes / _____No
12. Cooperative rules for DG interconnection attached (check one): / _____ Yes /

UNITED COOPERATIVE SERVICES	[DG OWNER/OPERATOR NAME]
BY: _____	BY: _____
TITLE: _____	TITLE: _____
DATE: _____	DATE: _____